

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Asset Management Pool  
State of Louisiana  
New Orleans, Louisiana

June 26, 2002



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE***  
***Legislative Auditor***

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**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
New Orleans, Louisiana

Basic Financial Statements and  
Independent Auditor's Reports  
As of and for the Year Ended December 31, 2001  
With Supplemental Information Schedule

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

June 26, 2002

**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA**

Basic Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended December 31, 2001  
With Supplemental Information Schedule

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OFFICE OF  
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June 10, 2002

Independent Auditor's Report  
on the Financial Statements

**BOARD OF DIRECTORS OF THE LOUISIANA  
ASSET MANAGEMENT POOL, INCORPORATED  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We have audited the accompanying basic financial statements of the Louisiana Asset Management Pool, a component unit of the State of Louisiana, as of and for the year ended December 31, 2001, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana Asset Management Pool. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net assets of the Louisiana Asset Management Pool as of December 31, 2001, and the changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2002, on our consideration of the Louisiana Asset Management Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

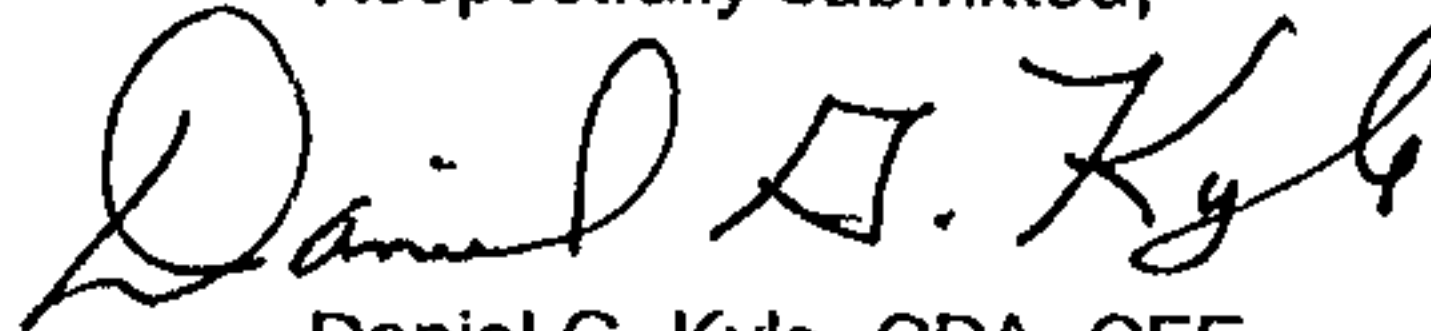
**LEGISLATIVE AUDITOR**

**BOARD OF DIRECTORS OF THE LOUISIANA  
ASSET MANAGEMENT POOL, INCORPORATED  
STATE OF LOUISIANA  
Audit Report, December 31, 2001**

Our audit was made for the purpose of forming an opinion on the Louisiana Asset Management Pool's basic financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's discussion and analysis on pages 4 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D" and a stylized "K".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

CGEW:ES:RCL:dl

[LAMP01]



**LOUISIANA ASSET MANAGEMENT POOL &  
LOUISIANA ASSET MANAGEMENT POOL, INC.  
Management's Discussion and Analysis  
December 31, 2001**

As management of the Louisiana Asset Management Pool ("LAMP Pool"), we offer readers of LAMP's financial statements this narrative overview and analysis of the financial activities of LAMP for the year ended December 31, 2001. LAMP is administered by Louisiana Asset Management Pool, Inc. ("LAMP, Inc.") and its activity is included in LAMP's combined financial statements. The two entities are collectively referred to as "LAMP."

**FINANCIAL HIGHLIGHTS**

- The assets of LAMP exceeded its liabilities at the close of the most recent fiscal year by \$1,155,689,344 (*net assets*).
- LAMP's total net assets increased by \$398,573,619.
- The number of participants increased by 78 from 347 to 425 at December 31, 2001.
- Interest income decreased by \$6,460,415 due to the overall decline in interest rates in 2001.
- Effective August 1, 2001, total basis points charged by LAMP Pool for investment advisory, administrative and custodial fees were decreased from 19  $\frac{3}{4}$  to 13  $\frac{3}{4}$  basis points. This substantially reduced the administrative fees paid by LAMP Pool to LAMP, Inc. and increased the investment yield to participants of LAMP.
- Effective August 1, 2001, the investment guidelines were amended to permit the investment of LAMP funds in government-only money market funds.
- Effective October 1, 2001, the investment guidelines were amended to allow the investments of LAMP funds in commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to LAMP's basic financial statements. LAMP's basic financial statements comprise three components: 1) Statement of Net Assets, 2) Statement of Changes in Net Assets, and 3) Notes to the Financial Statements. These financial statements include the activities of Louisiana Asset Management Pool ("LAMP Pool") and Louisiana Asset Management Pool, Inc. ("LAMP, Inc.") that administers LAMP Pool. This report also contains a Schedule of Investments that is presented as supplementary information in addition to the basic financial statements themselves.

**LOUISIANA ASSET MANAGEMENT POOL &  
LOUISIANA ASSET MANAGEMENT POOL, INC.  
Management's Discussion and Analysis (Continued)  
December 31, 2001**

The Statement of Net Assets presents information on all of LAMP's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of LAMP is improving or deteriorating.

The Statement of Changes in Net Assets presents information showing how LAMP's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued interest receivable, federal income tax payable and compensated absences payable).

**Notes to the Financial Statements.** The accompanying notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents supplementary information that lists and categorizes the investments held by LAMP at the end of the year. The Schedule of Investments can be found on Schedule 1 of this report.

#### **BASIC FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of LAMP, assets exceeded liabilities by \$1,155,689,344 at the close of the most recent year, December 31, 2001. By far the largest portion of LAMP's net assets (99 percent) reflects its investments at fair market value. The following is a comparison of LAMP's net assets to the prior year.



**LOUISIANA ASSET MANAGEMENT POOL &  
LOUISIANA ASSET MANAGEMENT POOL, INC.  
Management's Discussion and Analysis (Continued)  
December 31, 2001**

**LAMP'S NET ASSETS**

	<u>For the Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Cash	\$ 7,003,332	\$ 5,867,528
Certificates of Deposit	380,000	285,000
Investments at Fair Market Value	1,146,919,271	748,944,816
Accrued Interest Receivable	1,486,647	2,096,835
Prepaid Federal Income Tax	0	6,318
Furniture, Fixtures and Office Equipment	<u>39,197</u>	<u>41,637</u>
 Total Assets	 <u>1,155,828,447</u>	 <u>757,242,134</u>
 Accounts Payable and Accrued Expenses	 115,745	 116,533
Federal Income Tax Payable	13,950	0
Compensated Absences Payable	<u>9,408</u>	<u>9,876</u>
 Total Liabilities	 <u>139,103</u>	 <u>126,409</u>
 Net Assets	 <u>\$ 1,155,689,344</u>	 <u>\$ 757,115,725</u>

- Total assets increased by \$398,586,313.
- Most of the increase in assets is attributable to an increase in investments of \$397,974,455.
- Investments increased primarily due to deposits received from new (78) and existing (347) participants of LAMP Pool.

**LOUISIANA ASSET MANAGEMENT POOL &  
LOUISIANA ASSET MANAGEMENT POOL, INC.  
Management's Discussion and Analysis (Continued)  
December 31, 2001**

**Changes in Net Assets.** *Investment activities and participants' transactions increased LAMP's net assets by \$398,573,619. Key elements of the increase are as follows:*

**LAMP'S CHANGES IN NET ASSETS**

	<u>For the Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
From Investment Activities:		
Interest Income	\$ 32,577,503	\$ 39,037,918
Investment Income (Amortization/Accretion of Income, Fair Value increase and Gain on Sales)	13,311,189	9,087,723
Less Administrative Expenses	<u>(1,757,856)</u>	<u>(1,495,216)</u>
Increase in Net Assets from Investment Activities	<u>44,130,836</u>	<u>46,630,425</u>
From Participants' Transactions:		
Deposits	1,507,434,839	1,066,876,594
Withdrawals	<u>(1,152,992,056)</u>	<u>(1,045,679,763)</u>
Increase in Net Assets from Participants' Transactions	<u>354,442,783</u>	<u>21,196,831</u>
Total Increase in Net Assets	398,573,619	67,827,256
Net assets, Beginning of Year	<u>757,115,725</u>	<u>689,288,469</u>
Net assets, End of Year	<u>\$ 1,155,689,344</u>	<u>\$ 757,115,725</u>

- Interest income declined due to overall declines in interest rates during 2001.
- The majority (\$354,442,783) of the increase in net assets (\$398,573,619) is due to deposits by new (78) and existing (347) participants. There were 425 participants at December 31, 2001.

**LOUISIANA ASSET MANAGEMENT POOL &  
LOUISIANA ASSET MANAGEMENT POOL, INC.  
Management's Discussion and Analysis (Continued)  
December 31, 2001**

**ENTITY FINANCIAL STATEMENTS**

LAMP does not utilize fund accounting. However, separate accounting records are maintained for each of the entities LAMP Pool and LAMP, Inc. In order to gain a further understanding of the activities of each entity, the following analyses are presented.

By far the largest portion of LAMP Pool's assets (99 percent) reflects its investments at fair market value. The largest portion of LAMP, Inc.'s assets (79 percent) reflects its investment in certificates of deposit. The following is an analysis of the net assets at December 31, 2001, attributable to LAMP Pool and to LAMP, Inc.:

**LAMP'S NET ASSETS (BY ENTITY)**

	<u>LAMP</u>	<u>LAMP Pool</u>	<u>LAMP, Inc.</u>
Cash	\$ 7,003,332	\$ 6,944,061	\$ 59,271
Certificates of Deposit	380,000	0	380,000
Investments at Fair Market Value	1,146,919,271	1,146,919,271	0
Accrued Interest Receivable	1,486,647	1,484,461	2,186
Furniture, Fixtures and Office Equipment	<u>39,197</u>	<u>0</u>	<u>39,197</u>
 Total Assets	 <u>1,155,828,447</u>	 <u>1,155,347,793</u>	 <u>480,654</u>
 Accounts Payable and Accrued Expenses	 115,745	 0	 115,745
Federal Income Tax Payable	13,950	0	13,950
Compensated Absences Payable	<u>9,408</u>	<u>0</u>	<u>9,408</u>
 Total Liabilities	 <u>139,103</u>	 <u>0</u>	 <u>139,103</u>
 Net Assets	 <u>\$ 1,155,689,344</u>	 <u>\$ 1,155,347,793</u>	 <u>\$ 341,551</u>

**LOUISIANA ASSET MANAGEMENT POOL &  
LOUISIANA ASSET MANAGEMENT POOL, INC.  
Management's Discussion and Analysis (Continued)  
December 31, 2001**

**Changes in Net Assets.** Investment activities and participant's transactions increased LAMP's net assets by \$398,573,619. Key elements of the changes are as follows:

**LAMP'S CHANGES IN NET ASSETS (BY ENTITY)**

	<u>LAMP</u>	<u>LAMP Pool</u>	<u>LAMP, Inc.</u>
From Investment Activities:			
Interest Income	\$ 32,577,503	\$ 32,555,625	\$ 21,878
Amortization/Accretion of Income	11,961,109	11,961,109	0
Net Increase in the Fair Value of Investments	1,342,112	1,342,112	0
Gain on Sales of Investments	7,968	7,968	0
Administrative Income (Expense)	0	(1,031,941)	1,031,941
Less Administrative Expenses	<u>(1,757,856)</u>	<u>(800,766)</u>	<u>(957,090)</u>
Increase in Net Assets from Investment Activities	<u>44,130,836</u>	<u>44,034,107</u>	<u>96,729</u>
From Participants' Transactions:			
Deposits	1,507,434,839	1,507,434,839	0
Withdrawals	<u>(1,152,992,056)</u>	<u>(1,152,992,056)</u>	<u>0</u>
Increase in Net Assets from Participants' Transactions	<u>354,442,783</u>	<u>354,442,783</u>	<u>0</u>
Total Increase in Net Assets	398,573,619	398,476,890	96,729
Net assets, Beginning of Year	<u>757,115,725</u>	<u>756,736,084</u>	<u>379,641</u>
Net assets, End of Year	<u>\$ 1,155,689,344</u>	<u>\$1,155,212,974</u>	<u>\$ 476,370</u>

- In preparing the combined statement of changes in net assets for LAMP, administrative fees of \$1,031,941 paid by LAMP Pool to LAMP, Inc. were eliminated.
- Investment advisors' fees of \$825,070 and custodial fees of \$97,037 are included in administrative expenses paid.

**LOUISIANA ASSET MANAGEMENT POOL &  
LOUISIANA ASSET MANAGEMENT POOL, INC.  
Management's Discussion and Analysis (Concluded)  
December 31, 2001**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of LAMP's finances for all those with an interest in LAMP's finances. Questions concerning any of the information provided in this report or requests for additional financial information should access the LAMP website, [www.lamppool.com](http://www.lamppool.com), or call the LAMP office at (504) 525-LAMP(5267) or toll free at (800) 249-LAMP(5267) and ask for Krissy Orgeron.



**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA  
FIDUCIARY FUND - INVESTMENT TRUST FUND**

**Statement of Net Assets, December 31, 2001**

**ASSETS**

Cash and cash equivalents (note 2)	\$7,383,332
Investments (note 3)	1,146,919,271
Interest receivable	1,486,647
Furniture, fixtures, and office equipment, net (note 1-E)	<u>39,197</u>
<b>TOTAL ASSETS</b>	<u><b>1,155,828,447</b></u>

**LIABILITIES**

Accounts payable	115,745
Federal income tax payable (note 10)	13,950
Compensated absences payable (note 5)	<u>9,408</u>
<b>TOTAL LIABILITIES</b>	<u><b>139,103</b></u>

<b>NET ASSETS</b>	<u><u><b>\$1,155,689,344</b></u></u>
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The accompanying notes are an integral part of this statement.

**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA  
FIDUCIARY FUND - INVESTMENT TRUST FUND**

**Statement of Changes in Net Assets  
For the Year Ended December 31, 2001**

**FROM INVESTMENT ACTIVITIES**

Interest income	\$32,577,503
Less administrative expenses	(1,757,856)
Net increase in fair value of investments	1,342,112
Amortization/accretion of income	11,961,109
Gain on sale of investments	7,968
Increase in net assets from investment activities	<u>44,130,836</u>

**FROM PARTICIPANTS' TRANSACTIONS**

Subscriptions	1,507,434,839
Redemptions	<u>(1,152,992,056)</u>
Increase in net assets from participants' transactions	<u>354,442,783</u>

Total increase in net assets	398,573,619
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<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>757,115,725</u>
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<b>NET ASSETS, END OF YEAR</b>	<u><u>\$1,155,689,344</u></u>
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The accompanying notes are an integral part of this statement.

**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2001

**INTRODUCTION**

The Louisiana Asset Management Pool (LAMP) is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. The cooperative endeavor was formed, in part, in reliance upon Opinion No. 92-192 (March 31, 1992) issued by the Louisiana Attorney General's Office, which noted that public entities may pool funds for investment purposes. The investment pool is intended to improve administrative efficiency and increase investment yield of participating public entities. Public entities, as defined by Article XIX of LAMP's Articles of Incorporation, include the instrumentalities and political subdivisions of the State of Louisiana; parishes, municipalities, or other subdivisions of government; any entity created by, subject to the administration of, or otherwise governed by any university, hospital, or retirement system; and any other entity which may be designated as a public entity by the president of LAMP. Section XIX of LAMP's Articles of Incorporation specifically exclude the State of Louisiana and its departments from participation in the investment pool. As of December 31, 2001, there were 425 voluntary participants in the pool.

LAMP is administered by Louisiana Asset Management Pool, Incorporated, (the "corporation"), a nonprofit corporation formed under the provisions of Louisiana Revised Statute (R.S.) 12:22, pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The corporation was formed to manage and administer or provide for the orderly management and administration of LAMP.

Article VIII of LAMP's Articles of Incorporation provides that the Treasurer of the State of Louisiana is the sole Administrative Member of the corporation. The Board of Directors of LAMP, Inc., consists of 9-14 pool participants plus the administrative member, who is President of the Corporation. Board members are elected annually by participants, except the President, who is a standing member of the board. There are currently 14 members of the board of directors. Board members can serve for a maximum of three one-year terms, and all board members serve without compensation. LAMP, Inc., has four employees and is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The corporation entered into a contract with a custodial bank (Hibernia National Bank) for a period of one year commencing as of May 8, 1998, with options to extend for four additional one-year terms. Effective May 8, 2001, the corporation extended the contract for an additional year.

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

The corporation entered into a contract with an investment advisor (Bank One Investment Advisors Corporation) for a period of three years commencing April 4, 1997, with options to extend for two additional one-year terms. The contract was terminated on April 4, 2001. The corporation entered into separate contracts with investment advisors AMR Investment Services, Inc. and Reich & Tang Asset Management L.L.C. commencing April 4, 2001, for a period of three years with options to renew the contracts for two additional 12-month periods.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles. In order to present fairly the net assets and change in net assets for LAMP, the assets and operation of the investment pool and LAMP, Inc. have been combined. All inter entity accounts, balances, and transactions have been eliminated.

**B. REPORTING ENTITY**

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. The Office of Statewide Reporting and Accounting Policy considers LAMP to be a component unit (investment trust fund) of the State of Louisiana because the state has financial accountability in that the state treasurer, as the administrative member, is a standing member of the board of directors, acts as the chief executive officer of the corporation, supervises and controls the affairs of the corporation, and has the power and authority reasonably necessary to direct the operations and activities of the corporation. The state treasurer serves as president of the corporation and appoints the secretary-treasurer. The accompanying financial statements present information only as to the balances of LAMP, a component unit of the State of Louisiana. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements. The basic financial statements are audited by the Louisiana Legislative Auditor.

**C. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The financial statements of LAMP are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.



**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**D. CASH, CASH EQUIVALENTS,  
AND INVESTMENTS**

Cash and cash equivalents represent amounts on deposit with the custodian, fiscal agent banks, and the investment advisor. Under state law, LAMP may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. LAMP's permissible investments are set forth in R.S. 33:2955 and are further limited in accordance with investment guidelines promulgated by the board of directors. LAMP's Statement of Investment Guidelines authorizes investments in various investment products, including United States Treasury bills or notes, Federal Home Loan Bank notes, Federal National Mortgage Association notes, Federal Farm Credit Bank notes, Student Loan Marketing Association notes, and other investments as approved by the board of directors.

On June 12, 2001, LAMP's executive committee and its full board of directors amended its investment guidelines to permit investment of LAMP funds in government-only money market funds. Investments in money market funds are limited to no more than thirty-five percent (35%) of the total assets of LAMP, and no more than ten percent (10%) may be invested in any single money market fund at any time. This change became effective August 1, 2001.

Act 701 of the 2001 Regular Legislative Session revised R.S. 33:2955 to permit investment in A-1 rated commercial paper for political subdivisions of Louisiana. On August 28, 2001, LAMP's executive committee and its full board of directors amended its investment guidelines to permit the investment of LAMP funds in commercial paper of domestic United States Corporations rated A-1 or A-1+ by Standard & Poor's. Investments in commercial paper are limited to no more than fifty percent (50%) of the total assets of LAMP. No more than five percent (5%) of assets may be in any one issuer, and no more than twenty-five percent (25%) of assets may be in any one industry, except banking. This change became effective on October 1, 2001.

To provide for the required liquidity for withdrawals from LAMP, all investments shall have, at the time of purchase, a maximum remaining maturity of 397 days. LAMP complies with Standard & Poor's requirement for AAAM rated funds to restrict the dollar weighted average maturity of investments to 60 days or less in order to maintain its AAAM rating for the LAMP pool.

LAMP's investments are stated at fair value based on quoted market values. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value.

LAMP has not obtained any legally binding guarantees during the period to support the value of the shares, since all investments are short-term, highly liquid securities.



**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**E. FURNITURE, FIXTURES, OFFICE EQUIPMENT,  
AND COMPUTER EQUIPMENT**

Furniture, fixtures, office equipment, and computer equipment of the corporation are included on the balance sheet at historical cost. Depreciation of all fixed assets is charged as an administrative expense. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the estimated useful lives of the assets. A summary of changes in furniture, fixtures, office equipment, and computer equipment follows:

	Balance December 31, 2000	Additions	Deletions	Balance December 31, 2001
Furniture and fixtures	\$21,700	\$1,025		\$22,725
Office equipment	19,909	8,714		28,623
Computer equipment	33,408	2,214		35,622
Total	<u>75,017</u>	<u>11,953</u>	<u>NONE</u>	<u>86,970</u>
Less - accumulated depreciation	<u>(33,380)</u>	<u>(14,393)</u>	<u>NONE</u>	<u>(47,773)</u>
Net furniture and fixtures and office equipment	<u>\$41,637</u>	<u>(\$2,440)</u>	<u>NONE</u>	<u>\$39,197</u>

The estimated useful lives used in determining depreciation for the various types of assets are as follows:

Furniture and fixtures	84 months
Office equipment	84 months
Computer equipment	60 months

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2001, LAMP has cash and cash equivalents (book balances) totaling \$7,383,332 as follows:

Demand deposits	\$7,002,915
Custodial deposit	417
Time deposits	<u>380,000</u>
Total	<u>\$7,383,332</u>

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

The demand and custodial (custodian and investment advisor) deposits of LAMP are secured by federal deposit insurance or the pledge of securities owned by the custodial bank and investment advisor. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the custodial bank. These pledged securities are maintained in the custodial bank's joint custody account at the Federal Reserve. LAMP also has four certificates of deposit for \$95,000 each with interest rates of 1.68%, 3.97%, 3.75%, and 3.75% and maturities of 90 days, 180 days, 273 days, and 365 days, respectively. These certificates of deposit are held at four separate banks and are fully collateralized by federal deposit insurance. At December 31, 2001, LAMP has \$7,453,238 in deposits (collected bank balances), which are secured from risk by \$580,000 of federal deposit insurance (GASB Risk Category 1) and \$6,873,238 of pledged securities (GASB Risk Category 1).

**3. INVESTMENTS**

Investments of \$1,146,919,271, as presented on Statement A, are valued at fair value. The investments are comprised of several different types of investment securities. The following itemizes the investments, the range of maturity dates and yields of each category of investment, the fair value of investments, the face amount of the investments, the carrying value at amortized cost at December 31, 2001, and the change in investments during the year.

<u>Investment Securities</u>	<u>Maturity Dates</u>	<u>Yield</u>	<u>Face Amount at December 31, 2001</u>	<u>Carrying Value at (Amortized Cost) December 31, 2001</u>	<u>Fair Value at December 31, 2001</u>
Federal Farm Credit Bank Notes	2/01/02 - 6/28/02	1.74 - 4.19%	\$20,000,000	\$19,999,591	\$20,035,350
Federal Home Loan Bank Notes	2/15/02 - 8/09/02	2.19 - 4.08%	26,100,000	26,164,367	26,263,272
Federal Home Loan Mortgage Corporation Notes	1/31/02 - 12/23/02	2.23 - 4.11%	117,480,000	116,255,368	116,807,888
Federal National Mortgage Association Notes	1/11/02 - 10/08/02	2.12 - 4.30%	120,699,000	120,296,240	120,783,469
Money Market Accounts	01/02/02	2.04 - 2.09%	349,927,878	349,927,878	349,927,878
Commercial Paper	1/03/02 - 6/17/02	1.50 - 2.61%	514,233,000	512,933,715	513,101,414
Total			<u>\$1,148,439,878</u>	<u>\$1,145,577,159</u>	<u>\$1,146,919,271</u>

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	Change in Investments	
	Amortized Cost	Fair Value
Balance, December 31, 2000	<u>\$748,587,701</u>	<u>\$748,944,816</u>
Add:		
Investment purchases	151,104,619,239	151,104,619,239
Amortization/accretion of income	11,961,109	11,603,994
Gains on sales of investments	7,968	7,968
Market value adjustment		1,342,112
Total	<u>151,116,588,316</u>	<u>151,117,573,313</u>
Less - investment maturities	<u>(150,719,598,858)</u>	<u>(150,719,598,858)</u>
Balance, December 31, 2001	<u><u>\$1,145,577,159</u></u>	<u><u>\$1,146,919,271</u></u>

The investments are registered in the name of LAMP and are held in the custodial bank's trust accounts at its custodial agent or at the Federal Reserve. Because the investments are held by the custodian in the name of LAMP, the investments are considered Category A, in applying the credit risk of GASB Codification Section 150.125.

In addition to the investments shown at year-end, LAMP also invested in repurchase agreements during the year.

#### **4. INVESTMENT EARNINGS**

Interest income and amortization/accretion of income are recognized when earned using the full accrual method of accounting. Gains or losses on sales of investments are recognized using the specific identification method. The investments in LAMP are stated at fair value based on quoted market rates, and any increases or decreases are reported as net increase (decrease) in the fair value of investments. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value.

One or more accounts can be established for each public entity investing in LAMP. Interest is calculated on a daily basis and added to principal of each depositing member's account as of the last day of each month. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. For financial statement purposes, investments are valued at fair value.

At the direction of the public entity, funds are transferred from any such account to a designated local depository bank on any business day. Each depositing public entity owns a proportionate, undivided, fractional interest in each asset comprising LAMP.



**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

The objective of LAMP is to provide safety of principal and daily liquidity with a competitive rate of return to members by pooling monies. The following table shows, by quarter, the average daily yield percentage (annualized on a cumulative basis) of LAMP for the year ended December 31, 2001:

<u>Period</u>	<u>Annual Interest Rate</u>
January 1 to March 31	5.79%
January 1 to June 30	5.11%
January 1 to September 30	4.65%
January 1 to December 31	4.14%

**5. COMPENSATED ABSENCES PAYABLE**

The corporation has three full-time employees. These employees are provided vacation and sick leave on a cumulative basis. Hours of vacation and sick leave earned are based on the number of years of service. Vacation leave cannot be used until after the first 6 months of employment but may be carried forward into the next year at a rate of 2.5 times the employee's annual accrual or a maximum of 300 hours, whichever is less. A maximum of 300 hours of vacation leave is payable upon termination. Sick leave may be carried forward into the next year with no limitation but is not payable upon termination. Compensatory time earned may be carried forward into the next year but is not payable upon termination. A compensated absence liability of \$9,408 as of December 31, 2001, is included in the financial statements.

**6. RETIREMENT PLAN**

Effective June 1, 1998, the corporation established a Savings Incentive Match Plan for employees, which is an Individual Retirement Account (IRA) under Section 408(p) of the Internal Revenue Code. Under the plan as authorized by the corporation's board of directors, all full-time employees may elect to defer a percentage of their annual compensation in an amount not to exceed \$6,000 into an account established at a financial institution of their choice. The corporation contributes to this account a matching portion up to 3% of the employee's annual compensation. Each employee is fully and immediately vested in employee and employer contributions made to the employee's account. The employees' contributions for 2001, 2000, and 1999 totaled \$11,762, \$5,901, and \$3,864, respectively. The employer's contributions for 2001, 2000, and 1999 totaled \$2,961, \$2,067, and \$2,392, respectively.

Effective October 1, 2001, a Simplified Employee Pension (SEP) Retirement Plan was established whereby the employer contributes 8% of the employees' salaries monthly. This retirement plan disqualified employees from participating in the Simple IRA Plan. The employer contributions for 2001 totaled \$5,973.

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**7. ADMINISTRATIVE CHARGES**

Under the agreement with Bank One Investment Advisors Corporation, which expired on April 4, 2001, the corporation paid an annual advisory fee (calculated and remitted monthly) based on LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
\$100 million	12.0
\$200 million	12.0
\$300 million	12.0
\$400 million	9.0
\$500 million	9.0
\$600 million	9.0
\$700 million	9.0
\$800 million	9.0
\$900 million	9.0
\$1 billion or more	4.0

Under the agreements with AMR Investment Services, Inc. and Reich & Tang Asset Management L.L.C, which became effective April 5, 2001, the corporation pays an annual advisory fee (calculated and remitted monthly) based upon LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
First \$400 million	6.0
Next \$100 million	5.0
Next \$300 million	3.0
Over \$800 million	2.0

During the year ended December 31, 2001, investment advisor fees of \$825,070 were incurred.



**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Under the agreement with Hibernia National Bank, the corporation pays an annual custodial fee (accrued daily and payable quarterly) based on LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
First \$400 million	1
Next \$300 million	0.9
Next \$700 million	0.8

During the year ended December 31, 2001, custodian fees of \$97,037 were incurred.

LAMP, Inc., is paid an administrative fee for the administration of LAMP. The Executive Committee of LAMP, Inc., has oversight authority with respect to the amount of administrative fees deemed necessary to properly administer LAMP. The administrative fee is a monthly fee of LAMP's average daily net assets, which was computed at the annual rate of 6.75 basis points. LAMP, Inc. may adjust its administrative fee proportionately so that the total of all three fees does not exceed the maximum approved by the board. On June 12, 2001, as a result of the change in investment advisors and the corresponding reduction in the investment advisors' fees, LAMP's board of directors approved a reduction in the total of all three fees that may be charged from 19.75 to 13.75 basis points. The change became effective on August 1, 2001.

During the year ended December 31, 2001, administrative fees of \$1,031,491 were incurred. These inter-entity fees have been eliminated in the accompanying financial statements. LAMP, Inc., net assets total \$476,370 at December 31, 2001.

**8. OFFICE LEASE**

The corporation has an operating lease for office space. Rental expense for this operating lease during 2001 amounted to \$19,340. The future minimum rental payments applicable to this lease are as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2002	\$15,593

**9. LITIGATION**

There is no pending litigation against LAMP or LAMP, Inc., at December 31, 2001.

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

**10. FEDERAL INCOME TAX PAYABLE**

LAMP, Inc., is a taxable entity for federal income tax purposes. For the year ended December 31, 2001, the corporation had a taxable income of \$147,802 resulting in a federal income tax expense of \$40,893. At December 31, 2001, a remaining liability of \$13,950 in federal income tax exists.

**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended December 31, 2001**

**SCHEDULE OF INVESTMENTS**

Schedule 1 presents individual investments held by the pool at December 31, 2001.

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2001**

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>DESCRIPTION</u>	<u>YIELD</u>	<u>FAIR VALUE</u>	<u>AMORTIZED COST</u>
Federal Farm Credit Bank Notes:					
\$10,000,000	02/01/02		2.14%	\$10,000,100	\$9,999,591
5,000,000	05/01/02		4.19%	5,034,550	5,000,000
5,000,000	06/28/02		1.74%	5,000,700	5,000,000
<u>20,000,000</u>				<u>20,035,350</u>	<u>19,999,591</u>
Federal Home Loan Bank Notes:					
4,100,000	02/15/02		2.30%	4,122,632	4,122,108
5,000,000	03/15/02		4.08%	4,983,000	4,958,938
5,000,000	04/15/02		2.19%	4,975,500	4,969,233
7,000,000	07/18/02		3.78%	7,180,740	7,114,764
5,000,000	08/09/02		3.57%	5,001,400	4,999,324
<u>26,100,000</u>				<u>26,263,272</u>	<u>26,164,367</u>
Federal Home Loan Mortgage Corporation Notes:					
11,000,000	01/31/02		4.11%	10,984,941	10,963,208
10,000,000	02/20/02		3.96%	9,977,200	9,946,944
20,000,000	03/15/02		3.73%	19,932,000	19,854,608
10,000,000	04/10/02		4.04%	9,953,400	9,890,000
9,480,000	04/19/02		3.61%	9,431,747	9,381,313
10,000,000	04/25/02		3.46%	9,945,380	9,894,550
7,000,000	06/20/02		3.82%	6,942,460	6,879,347
5,000,000	06/28/02		3.50%	4,956,950	4,916,933
10,000,000	08/15/02		3.42%	9,883,750	9,794,403
5,000,000	10/10/02		2.23%	4,923,100	4,915,400
5,000,000	10/15/02		2.41%	5,158,260	5,141,678
5,000,000	11/15/02		2.51%	4,910,600	4,893,117
5,000,000	11/20/02		2.44%	4,909,200	4,894,128
5,000,000	12/23/02		2.31%	4,898,900	4,889,739
<u>117,480,000</u>				<u>116,807,888</u>	<u>116,255,368</u>
Federal National Mortgage Association Notes:					
3,500,000	01/11/02		3.95%	3,498,513	3,496,286
2,000,000	01/14/02		3.47%	1,998,880	1,997,566
5,000,000	01/24/02		3.56%	4,994,805	4,988,979
5,000,000	01/25/02		4.05%	4,994,650	4,987,133
10,000,000	02/14/02		3.29%	9,979,690	9,960,889
10,000,000	02/22/02		4.30%	9,975,920	9,942,586
29,750,000	03/08/02		4.19%	29,661,494	29,524,638
10,000,000	03/14/02		2.66%	9,966,470	9,948,200
5,449,000	03/22/02		3.71%	5,429,002	5,405,771
5,000,000	05/03/02		3.70%	4,971,250	4,939,847
5,000,000	05/13/02		4.01%	5,034,850	5,000,000

(Continued)

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2001**

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	FAIR VALUE	AMORTIZED COST
\$5,000,000	06/14/02		3.74%	\$4,959,705	\$4,918,683
10,000,000	07/26/02		2.74%	9,897,500	9,848,361
10,000,000	08/15/02		3.66%	10,283,340	10,187,602
5,000,000	10/08/02		2.12%	5,137,400	5,149,699
<u>120,699,000</u>				<u>120,783,469</u>	<u>120,296,240</u>

Money Market Accounts:

93,446,337	01/02/02	Aim STIT Government & Agency	2.07%	93,446,337	93,446,337
55,000,000	01/02/02	Blackrock Federal Funds	2.09%	55,000,000	55,000,000
43,329,424	01/02/02	Federated Government Obligations	2.04%	43,329,424	43,329,424
47,152,117	01/02/02	Fidelity Government	2.04%	47,152,117	47,152,117
111,000,000	01/02/02	One Group Government	2.04%	111,000,000	111,000,000
<u>349,927,878</u>				<u>349,927,878</u>	<u>349,927,878</u>

Commercial Paper:

20,000,000	01/03/02	Triple A One Funding Corp.	1.50%	19,999,000	19,997,556
18,485,000	01/08/02	Jupiter Securities Corp.	2.12%	18,479,455	18,477,380
20,000,000	01/08/02	Windmill Funding Corp.	1.93%	19,993,800	19,991,639
10,000,000	01/10/02	Bear Stearns Cos, Inc.	1.78%	9,995,900	9,995,175
25,000,000	01/11/02	Special Purpose Acct. Rec'd. Corp.	2.13%	24,988,500	24,985,208
20,000,000	01/11/02	Pitney Bowes Credit Corp.	1.90%	19,991,060	19,989,444
5,000,000	01/14/02	CXC, Inc.	2.03%	4,997,015	4,996,353
15,000,000	01/15/02	Delaware Funding Corp.	2.32%	14,990,250	14,986,817
15,000,000	01/15/02	Corporate Asset Funding Co.	1.76%	14,990,310	14,989,267
15,000,000	01/15/02	Falcon Asset Securitization Co.	1.75%	14,990,145	14,989,325
8,500,000	01/15/02	Long Lane Master Trust IV	1.83%	8,494,390	8,493,653
1,121,000	01/17/02	Stellar Funding Group, Inc.	2.61%	1,120,126	1,119,740
10,000,000	01/17/02	Delaware Funding Corp.	1.91%	9,992,500	9,991,200
5,603,000	01/18/02	Stellar Funding Group, Inc.	2.52%	5,598,406	5,596,518
5,000,000	01/22/02	Govco, Inc.	2.20%	4,994,850	4,993,758
4,277,000	01/22/02	Kitty Hawk Funding Corp.	1.96%	4,272,766	4,272,010
10,000,000	01/22/02	Corporate Asset Funding Co.	1.91%	9,990,100	9,988,625
2,703,000	01/23/02	Stellar Funding Group, Inc.	2.52%	2,700,081	2,698,953
2,018,000	01/28/02	Stellar Funding Group, Inc.	2.60%	2,015,296	2,014,186
3,233,000	01/30/02	Stellar Funding Group, Inc.	2.60%	3,228,344	3,226,437
2,000,000	01/30/02	Scaldis Capital LLC	2.17%	1,997,180	1,996,536
5,442,000	01/30/02	Jupiter Securities Corp.	2.13%	5,434,327	5,432,750
10,000,000	01/31/02	CXC, Inc.	2.09%	9,985,600	9,982,750
10,000,000	01/31/02	Long Lane Master Trust IV	2.05%	9,985,420	9,983,083
10,000,000	01/31/02	General Electric Capital Corp.	2.42%	9,985,600	9,980,417
10,000,000	02/01/02	Fountain Sq. Comm. Fund. Corp.	2.15%	9,985,080	9,981,658
1,500,000	02/01/02	Jupiter Securities Corp.	1.99%	1,497,735	1,497,417
10,055,000	02/04/02	Long Lane Master Trust IV	2.13%	10,038,309	10,034,963
20,000,000	02/04/02	JP Morgan Chase and Co.	1.85%	19,963,400	19,964,867
2,012,000	02/05/02	Stellar Funding Group, Inc.	2.02%	2,008,479	2,008,088

(Continued)



**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2001**

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	FAIR VALUE	AMORTIZED COST
\$6,500,000	02/05/02	K2 (USA) LLC	1.82%	\$6,488,625	\$6,488,435
1,750,000	02/05/02	Govco, Inc.	1.89%	1,746,938	1,746,767
10,000,000	02/07/02	Caterpillar Financial Svcs. Corp.	2.38%	9,981,900	9,976,258
15,000,000	02/11/02	Old Line Funding Corp.	1.79%	14,970,300	14,969,421
15,000,000	02/15/02	Fountain Sq. Comm. Fund. Corp.	1.83%	14,967,150	14,965,688
11,000,000	02/16/02	Golden Funding Corp.	2.13%	10,970,960	10,968,558
9,000,000	02/20/02	Golden Funding Corp.	2.13%	8,975,700	8,973,750
10,000,000	02/22/02	Kimberly-Clark Corp.	1.76%	9,974,900	9,974,722
1,007,000	02/26/02	Stellar Funding Group, Inc.	2.03%	1,004,160	1,003,867
8,000,000	02/26/02	Golden Funding Corp.	2.09%	7,974,880	7,974,364
3,000,000	03/04/02	Scaldis Capital LLC	1.92%	2,990,850	2,990,183
1,500,000	03/13/02	Fortis Funding LLC	1.87%	1,494,825	1,494,527
4,000,000	03/18/02	Scaldis Capital LLC	1.86%	3,985,000	3,984,462
2,936,000	03/19/02	Enterprise Funding Corp.	1.87%	2,925,019	2,924,382
5,000,000	03/20/02	Scaldis Capital LLC	2.35%	4,980,750	4,975,300
10,000,000	03/21/02	Scaldis Capital LLC	1.92%	9,961,000	9,958,306
2,401,000	03/27/02	Stellar Funding Group, Inc.	2.48%	2,390,676	2,387,394
10,000,000	03/27/02	Private Export Funding	2.30%	9,958,700	9,947,347
13,591,000	03/28/02	Delaware Funding Corp.	2.31%	13,533,782	13,518,255
1,100,000	04/02/02	Stellar Funding Group, Inc.	2.55%	1,094,764	1,092,906
5,000,000	04/10/02	Spintab AB	1.89%	4,975,500	4,974,425
4,000,000	04/22/02	Scaldis Capital LLC	2.04%	3,978,000	3,975,333
8,000,000	04/24/02	Banc of Scotland Treasury	2.27%	7,955,200	7,944,756
2,539,000	04/24/02	Stellar Funding Group, Inc.	2.55%	2,524,452	2,519,315
4,750,000	04/29/02	San Paolo IMI	1.96%	4,722,213	4,719,639
10,000,000	04/29/02	General Electric Capital Corp.	2.30%	9,942,480	9,926,906
2,996,000	04/30/02	Stellar Funding Group, Inc.	2.55%	2,977,904	2,971,538
1,214,000	05/02/02	Stellar Funding Group, Inc.	2.14%	1,206,546	1,205,472
10,000,000	05/03/02	K2 (USA) LLC	1.94%	9,937,800	9,935,611
9,000,000	05/10/02	San Paolo IMI	1.94%	8,942,040	8,938,725
7,000,000	05/13/02	Fortis Funding LLC	2.05%	6,954,640	6,948,667
7,000,000	05/15/02	General Electric Capital Corp.	2.05%	6,953,940	6,947,889
5,000,000	06/17/02	K2 (USA) LLC	1.99%	4,956,396	4,954,774
<u>514,233,000</u>				<u>513,101,414</u>	<u>512,933,715</u>
<u>\$1,148,439,878</u>				<u>\$1,146,919,271</u>	<u>\$1,145,577,159</u>

(Concluded)

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

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LEGISLATIVE AUDITOR

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June 10, 2002

Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of the Financial Statements

**BOARD OF DIRECTORS OF THE LOUISIANA  
ASSET MANAGEMENT POOL, INCORPORATED  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We have audited the basic financial statements of the Louisiana Asset Management Pool (LAMP), a component unit of the State of Louisiana, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether LAMP's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered LAMP's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**EXHIBIT A**

LEGISLATIVE AUDITOR

**BOARD OF DIRECTORS OF THE LOUISIANA  
ASSET MANAGEMENT POOL, INCORPORATED  
STATE OF LOUISIANA**

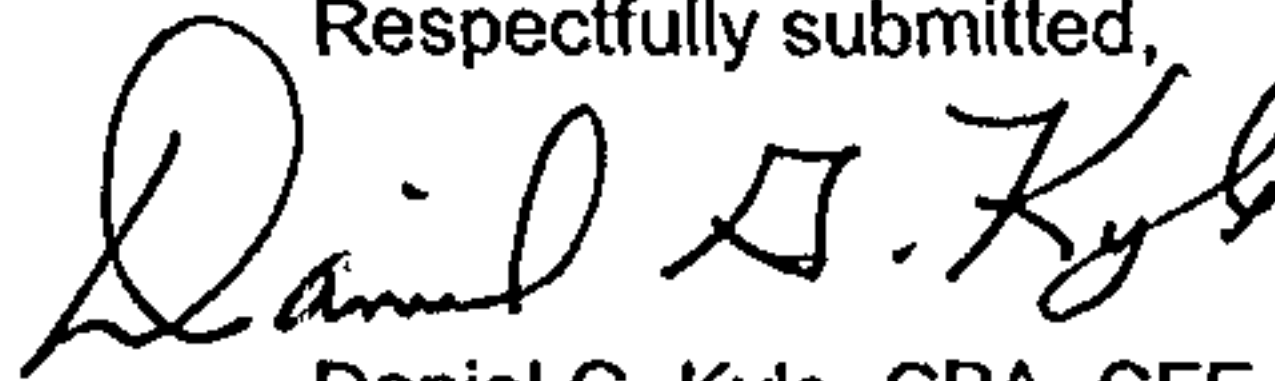
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This report is intended solely for the information and use of LAMP and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being more prominent.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

CGEW:ES:RCL:dl

[LAMP01]

**EXHIBIT A**